

Instructions for the Preparation
of the Fiscal Year 1954 Operating Budget

1. PURPOSE

The purpose for the submission of the budget is to:

- (a) Provide estimates of the costs of operations for the fiscal year ending 30 June 1954
- (b) Provide sufficient background information as a basis for reviewing operations and establishing the amounts to be made available by the sponsor
- (c) Provide such information as is required in the form of actual and estimated financial statements to permit the evaluation of the financial condition of the fund.

2. BUDGET PREPARED ON AN ACTIVITY BASIS

The budget for the fund should be submitted and justified on an activity basis with the total costs of each activity being divided between operations cost and capital expenditures. Fund activities based upon the financial statements currently being prepared may appropriately be classified as follows: General and Administrative, San Francisco; General and Administrative, New York; American Operations; Asian Operations; Editorial; RFA; and Library. This classification presumes that each of the organizational units carries out a major function performed by the fund; thus, a breakdown of the budget by major organizational units should provide information concerning the relative emphasis being placed on various phase of operations.

3. INFORMATION REQUIRED

In order to adequately serve the purposes as outlined in section 1, the budget must contain the following information:

(a) Financial statements

- (1) A comparative balance sheet showing the financial condition as of 30 June 1952, 1953 and 1954.
- (2) A comparative income and expense statement for the periods ending 30 June 1953 and 1954.
- (3) A source and application of funds statement on a gross basis for the periods ending 30 June 1953 and 1954. (Exhibit A)

In the preparation of the financial statements, actual operations for the fiscal year 1953 should be shown rather than budgeted items which had originally been approved by the sponsor. "Actual" operations should be estimated on

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the basis of expenses and expenditures to date and probable expenses and expenditures for the balance of the current fiscal year. In the preparation of the income and expense statement and the source and application of funds statement, the budgetary activities as described in paragraph 2 should be used. This is the usual expense classification now being used by the fund in preparing the monthly statement of Income and Expenditures. The source and application of funds statement can be made on a "gross" basis by reflecting total increases in assets as an application of funds and decreases in assets as a source of funds exclusive, of course, of accounting adjustments such as depreciation, write-offs, and similar non-fund items.

(b) Detailed supporting data

Detailed justifications will be submitted reflecting the requirements of each budget activity (organizational unit). These detailed justifications will be presented in two parts:

- (1) A summary of activity expenditures. (Exhibit B)
- (2) Justification of each activity indicating the character (i.e., salaries, rent, travel, etc.) of expenditures, the amount of each type of expenditure, and justification as to need. In each of these justifications emphasis should be given to increases which should be explained in detail in each case. Individual items which involve a continuation of prior activity without material change in emphasis or scope may be described very briefly. Sufficient detail should be given, however, to indicate a continued need for such operations.

The amounts shown in these schedules should be taken from the applied section of the source and application of funds under the headings "To Operations" and "To Capital".

(c) Classifications to be used in the justifications

The justifications of each activity will be classified as follows and the types of expenses included under each classification will be itemized and explained:

(1) Operations:

Salaries - Number of employees; minimum and maximum salary paid; number of U. S. Nationals; number of indigenous employees; amount of overseas allowances; explanation of need for increases in personnel and statement of allowance policy.

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Travel and Related Transportation - Reflect basis of estimate, whether travel is administrative travel or transferring employees from one location to another; policies concerning travel allowances; number of trips, etc.

Telephone, telegraph and related costs - Indicate details supporting the estimates for these costs.

Rents and utilities - Indicate location, amount of space rented and other pertinent elements included in the estimate.

Printing Costs - Operational printing should be charged to this category - Printing incidental to program operations should be budgeted under this item. Printing incidental to administrative operations should be charged against supplies.

Supplies - Expendable supplies only should be reflected under this category.

Equipment - Rental and maintenance of equipment.

Other Services - Protective services, news service, consultants fees, addressing service, etc.

Representation and Entertainment

Other Costs - Taxes, insurance, leasehold maintenance, etc.

(2) Capital expenditures:

Equipment - This category should include all items which would normally be capitalized in the financial statements of the fund.

Construction - Only items of construction contemplated should be described in detail with the appropriate explanatory information indicating the basis on which the estimate was developed.

Other - Provide such details as necessary to explain expenditures for all capital expenditures except equipment and construction.

(3) The details listed under each of the above classes is illustrative and is not all inclusive. Additional details should be added, as required, to explain and justify planned operations.

EXHIBIT AStatement of Source and Application of FundsFiscal Years Ending 30 June 1953, 1954

<u>Funds Provided</u>	<u>Fiscal Years</u>	
	<u>1953</u>	<u>1954</u>
By Contributions	\$	\$
By Operations:		
Interest Income		
Miscellaneous Income		
Sale of Assets		
Decrease in Cash		
Decrease in Securities		
Decrease in Other Assets	_____	_____
Total funds provided by operations	_____	_____
Total funds provided	\$ _____	\$ _____
<u>Funds Applied</u>		
To Operations for:		
(List each activity separately)	\$ _____	\$ _____
Total funds applied to operations	_____	_____
To Capital Expenditures for:		
(List each activity separately)	_____	_____
Total funds applied to capital expenditures	_____	_____
To Increase in Cash		
To Increase in Securities		
To Increase in Other Assets	_____	_____
Total funds applied	\$ _____	\$ _____

Summary Statement of Expenditures
Fiscal Years Ending 30 June 1953, 1954

Activity	Estimate for Year Ending 30 June		Increase (+) or Decrease (-)
	1953	1954	
1. Library:			
Operations			
Capital.			
Total.			
2. Editorial:			
Operations			
Capital.			
Total.			
(Continue listing activities in the manner illustrated)			
Total expenditures:			
Operations			
Capital.			
Total.			